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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UTHERVERSE GAMING LLC,

Plaintiff,

v.

EPIC GAMES, INC.,

Defendant.

Case No. 2:21-cv-00799-RSM-TLF

**DEFENDANT EPIC GAMES, INC.'S
OBJECTIONS TO REPORT AND
RECOMMENDATION ON
DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT
(ECF NO. 369)**

LCR 7 Noting Date: January 26, 2024

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1 **I. INTRODUCTION**

2 Defendant Epic Games, Inc. (“Epic”) respectfully objects to portions of the Report and
3 Recommendation on Defendant’s Motion for Summary Judgment (“R&R”) issued on
4 December 26, 2023 (Dkt. 369).

5 *First*, Epic respectfully objects to the portion of the R&R recommending denial of
6 summary judgment of non-infringement on the asserted claims of the ’605 Patent. *See* Dkt. 369
7 at 16-21. The R&R recommends denial of summary judgment in view of the parties’ ostensible
8 disagreements over the meaning of the Court’s claim construction order, including: (1) whether
9 the Court’s order eliminated the express claim requirement for “one or more avatars” in the
10 playback of the recorded experience file (it did not); and (2) whether the Court’s construction for
11 “recorded experience” required that it must capture a prior experience in a virtual world rather
12 than merely preprogrammed animation (it did). *Id.*

13 The R&R erroneously concludes that the disagreement between the parties’ experts
14 results from a dispute of fact over the how the accused events work. The experts’ disagreement,
15 however, is not about how the accused events work; that factual issue is undisputed. Rather,
16 they disagree over the meaning of a “recorded experience file” and whether preprogrammed
17 animations that contain no avatars can qualify as such a file under the court’s claim construction
18 order. Such disputes over claim scope are legal issues that the Court must resolve at summary
19 judgment. *See Eon Corp. IP Holdings v. Silver Spring Networks*, 815 F.3d 1314, 1319 (Fed. Cir.
20 2016) (explaining that it is “legal error” to “leav[e] it for the jury to decide” a “question of claim
21 scope”). The Court’s claim construction order makes clear that, to infringe, the accused events
22 must contain a “recorded experience file” that is a recording of a past event and that includes
23 “one or more avatars.” The undisputed factual record demonstrates that they do not.
24 Accordingly, the Court should reject the Magistrate’s recommendation and grant summary
25 judgment to Epic of non-infringement of the asserted claims of the ’605 Patent.

26 *Second*, Epic agrees with the R&R that the Court should grant summary judgment of
27 non-infringement and/or invalidity of the ’071 Patent. If the Court adopts the Magistrate’s

1 recommendation, there is no need for the Court to consider any further issues regarding that
 2 patent. If the Court rejects the Magistrate’s recommendation and does not grant summary
 3 judgment on the ’071 Patent, however, then Epic respectfully objects to the portion of the R&R
 4 recommending denial of summary judgment that Plaintiff Utherville Gaming LLC
 5 (“Utherville”) failed to prove compliance with the marking statute. *See* Dkt. 369 at 24-27. The
 6 R&R suggests that Utherville can avoid the marking statute by dropping claims mid-litigation
 7 that would otherwise trigger its marking obligations. *Id.* This contradicts controlling Federal
 8 Circuit law.

9 **II. LEGAL PRINCIPLES**

10 A district court has jurisdiction to review a magistrate judge's report and recommendation
 11 on dispositive matters. Fed. R. Civ. P. 72(b). The court reviews *de novo* those portions of the
 12 report and recommendation to which a party makes a specific written objection. *United States v.*
 13 *Reyna-Tapia*, 328 F.3d 1114, 1121 (9th Cir. 2003) (en banc). The district court judge “may
 14 accept, reject, or modify, in whole or in part, the findings or recommendations made by the
 15 magistrate judge.” 28 U.S.C. § 636(b)(1).

16 **III. OBJECTIONS**

17 **A. The Court Should Grant Summary Judgment of Non-Infringement of the** 18 **Asserted Claims of the ’605 Patent**

19 The Court should grant summary judgment of non-infringement of the asserted claims of
 20 the ’605 Patent to Epic because Utherville’s infringement positions are premised entirely on
 21 misinterpretations of the Court’s claim construction order. The R&R recommends denial of
 22 summary judgment in view of “disagreement[s] between [the] experts.” *See* Dkt. 369 at 20-21.
 23 But the “disagreement[s]” noted in the R&R do not pertain to issues of fact concerning the
 24 functionality of the accused events, but rather to the Court’s holding as to claim scope in its
 25 claim construction order. *See id.* Specifically, as the R&R notes, the parties dispute: (1) whether
 26 an “initial scene state [that] did not include an avatar . . . is allowed by the Court’s construction”;
 27 and (2) whether “the Court’s Claim Construction Order required that the [recorded] experience

1 must capture a prior *experience* in a virtual world rather than an animation.” *Id.* at 18, 19. These
 2 are legal questions for the Court, not for the experts or for the jury. *See Eon*, 815 F.3d at 1320
 3 (explaining that the court is “obligated to provide the jury with a clear understanding of the
 4 disputed claim scope” and it is “legal error” to leave questions of claim interpretation to the
 5 jury); *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1360 (Fed. Cir. 2008)
 6 (“When the parties raise an actual dispute regarding the proper scope of the[] claims, the court,
 7 not the jury, must resolve that dispute.”); *Gen. Mills, Inc. v. Hunt-Wesson, Inc.*, 103 F.3d 978,
 8 983 (Fed. Cir. 1997) (“Where the parties do not dispute any relevant facts regarding the accused
 9 product . . . but disagree over possible claim interpretations, the question of literal infringement
 10 collapses into claim construction and is amenable to summary judgment.”). Once these legal
 11 questions are resolved by the Court, the undisputed facts demonstrate that summary judgment
 12 must be granted in favor of Epic.

13 **1. Utherverse Misconstrues the Court’s Claim Construction Order to**
 14 **Eliminate the Claim Requirement for One or More Avatars in the**
Playback of the Recorded Experience File

15 Utherverse incorrectly asserts that, during claim construction, the Court held that “the
 16 claims of the ’605 Patent do not require any avatar” in the playback of the recorded experience
 17 file. Dkt. 369 at 17; *see also id.* at 19. Instead, the Court held that the definition of the term
 18 “*initial scene state*,” on its own, did not require “one or more avatars.” The Court did not
 19 construe any other claim language bearing on whether an avatar must be present. *See* Dkt. 133
 20 at 13. This is because Claim 1 explicitly recites “including one or more avatars” in the playback
 21 of the recorded experience file, separate from any implicit requirements of the recited “initial
 22 scene state”:

23 A method of playing back a recorded experience in a virtual
 24 worlds system, comprising . . .

25 . . . playing back the recorded experience file by rendering, for
 26 display by the at least one client device, objects of the initial scene
 27 state in the new instance, *including one or more avatars*, and
 rendering updates to the initial scene state based on the subsequent
 changes over the time period; and

1 automatically transporting *the one or more avatars* to a different
2 new instance of the scene, upon occurrence of a threshold event,
3 wherein the threshold event comprises when a maximum capacity
4 of avatars has been reached in the new instance of the scene.

5 Dkt. 301-3 at 10:37-58 (emphasis added). Utherville, itself, admitted at claim construction that
6 the Court's construction of "initial scene state" simply acknowledges that it would be redundant
7 to require that the "initial scene state" also implicitly requires "one or more avatars," as
8 "including one or more avatars" is already part of the express language of the claim. *See* Dkt.
9 301-7 at 86:15-19 ("because the recitation of the avatar actually appears in the claim, [] having it
10 be part of [both] the construction [of initial scene state] and [] the claim would actually make it
11 redundant and repetitive"); *see also Intel Corp. v. Qualcomm Inc.*, 21 F.4th 784, 792 (Fed. Cir.
12 2021) (explaining that courts should "avoid a reading [of a claim] that renders some words
13 altogether redundant"). The Court's construction did not (and cannot) erase the "including one
14 or more avatars" claim language. *See* Dkt. 133 at 13; *see also Exxon Chem. Patents, Inc. v.*
15 *Lubrizol Corp.*, 64 F.3d 1553, 1557 (Fed. Cir. 1995) (explaining that courts "must give meaning
16 to all the words in [the] claims" and cannot "disregard[]" any claim limitation).

17 It is undisputed that there is no avatar in the playback of the alleged "recorded experience
18 file." As the R&R notes, Utherville's expert Dr. Rosenberg concedes "that the [accused] play
19 back does not include avatars." *See* Dkt. 369 at 19. The remaining dispute is thus a legal
20 question: whether the Court's claim construction of "the initial scene state" rewrote the claim to
21 eliminate a separate, express claim requirement of "one or more avatars." It did not. Summary
22 judgment of non-infringement should therefore be granted to Epic on this basis. If the Court
23 grants Epic summary judgment on this basis, it need not reach the next issue.

24 **2. Utherville Attempts to Sidestep the Court's Construction of**
25 **"Recorded Experience File" as a "Recording of a Prior Experience**
26 **that Occurred in a Virtual Environment"**

27 The R&R also erroneously suggests that there is a dispute of fact as to whether "a play
28 back of a recorded experience file occurred during the accused events." Dkt. 369 at 20. There is

1 none. The Court construed “[r]ecorded experience [file]” to mean “a recording of a prior
2 experience that occurred in a virtual environment.” *See* Dkt. 369 at 18. It is undisputed that
3 there was no performance of the accused Travis Scott and Ariana Grande events that occurred in
4 a virtual environment, was recorded while the performance was occurring in that virtual
5 environment, and then was later played back as a recording of the original performance. *See*
6 Dkt. 369 at 17-19, Dkt. 300 at 13-14, Dkt. 334 at 5-6. Rather, the parties agree that the events
7 were preprogrammed animations created using a digital animation tool (here, called a
8 “sequencer”) that were then played to viewers in separate, distinct performances. *Id.* The
9 accused events therefore do not contain a “recorded experience file,” as the Court construed that
10 term, as a matter of law.

11 The R&R reached a contrary conclusion based on Utherverse’s assertion that the Court’s
12 construction of “recorded experience file” plausibly encompasses preprogrammed animations
13 because the Court did not specify in its claim construction order that “gameplay was the
14 experience file that was being recorded.” Dkt. 369 at 18. In support, Utherverse cited the
15 portion of the claim construction order excluding “new gameplay” from the definition of
16 “recorded experience.” *Id.* But this is a misreading of the Court’s order, which specifically
17 states that a “recorded experience” must be a “recording of a *prior experience that occurred in a*
18 *virtual environment*,” distinguishing a recording of *past* gameplay from *new* gameplay that has
19 not been recorded. Dkt. 133 at 3, 14 (emphasis added). During claim construction, Epic had
20 argued that a “recorded experience file” must be a “recording of past events that someone
21 previously experienced” and not “any preprogrammed scene, whether or not anyone had ever
22 played or experienced it before.” Dkt. 72 at 23-24. This was consistent with the specification’s
23 description of the claimed invention as the ability to replay events (like weddings) that took
24 place in a virtual world at an earlier time. *Id.* The Court agreed with Epic, finding that “[d]uring
25 prosecution, the inventors expressly disclaimed any interpretation of ‘recorded experience’ that
26 would include ‘new gameplay’” and that Utherverse’s proposed construction, which attempted to
27 capture a broader claim scope, “[ran] afoul of this disclaimer.” Dkt. 133 at 13-14. The Court

1 highlighted the portion of the prosecution history that stated that “the instant invention allows
2 users to participate in *past events* (in other words, travel back in time).” *Id* (emphasis added).
3 The Court thus found—contrary to Utherverse’s argument adopted in the R&R—that a “recorded
4 experience file” must contain “a recording of a prior experience *that occurred in a virtual*
5 *environment*” rather than being simply any experience that is created and presented to viewers in
6 a virtual environment. *Id*.

7 The Court’s claim construction order makes clear that, to meet the “recorded experience
8 file” limitation, there must be a “prior experience that occurred in a virtual environment” that is
9 “record[ed]” and then later played back. Dkt. 133 at 3, 14. In other words, as stated in the claim
10 construction order, there must be a “past event” that is recorded and played back, allowing users
11 to seemingly “travel back in time” to experience the past event. *Id*. It is undisputed that the
12 Travis Scott and Ariana Grande events were preprogrammed animations experienced by viewers
13 as new events, and that no performance of the Travis Scott or Ariana Grande events was
14 recorded and later played back to viewers. Dkt. 369 at 17-19, Dkt. 300 at 13-14. The accused
15 events cannot meet the Court’s construction as a matter of law. Summary judgment of non-
16 infringement should be granted to Epic on this independent basis as well.

17 **B. The Court Should Grant Summary Judgment that Utherverse’s Failure to**
18 **Comply with the Marking Statute Limits Damages for the ’071 Patent**

19 If the Court does not grant summary judgment of non-infringement and/or invalidity of
20 the ’071 Patent as set forth in the R&R, then the Court should grant summary judgment that
21 Utherverse is barred from recovering pre-suit damages for the ’071 Patent because it has not met
22 its burden of proving compliance with the marking obligations of 35 U.S.C. § 287. The R&R
23 recommends denial of summary judgment on this issue for two reasons: (1) Utherverse currently
24 asserts only claims 8 and 10 of the ’071 Patent, which are method claims not covered by the
25 marking statute; and (2) there are disputes of fact as to whether Utherverse Classic practices
26 claims 8 and 10. Dkt. 369 at 26-27. Both fail as a matter of law.

27 *First*, Utherverse triggered application of the marking statute when it asserted both
28

1 method and apparatus claims in its initial infringement contentions. *See* Dkt. 301-13 (asserting
 2 method claims 1 and 8 and apparatus claims 24 and 25).¹ The Federal Circuit has held that
 3 “[w]here the patent contains both apparatus and method claims,” then “to the extent that there is
 4 a tangible item to mark by which notice of the asserted method claims can be given, a party is
 5 obliged to do so.” *Am. Med. Sys., Inc. v. Med. Eng’g Corp.*, 6 F.3d 1523, 1538 (Fed. Cir. 1993).
 6 While a party may avoid the marking requirement by asserting only method claims in litigation,
 7 if both apparatus and method claims are asserted, then the marking statute applies. *Crown*
 8 *Packaging Tech., Inc. v. Rexam Beverage Can Co.*, 559 F.3d 1308, 1317 (Fed. Cir. 2009). A
 9 patentee cannot “retroactively excuse its failure to mark” by disclaiming claims mid-litigation
 10 that would trigger its marking obligations. *Rembrandt Wireless Techs., LP v. Samsung Elecs.*
 11 *Co., Ltd.*, 853 F.3d 1370, 1383 (Fed. Cir. 2017). This alone is dispositive. Following
 12 *Rembrandt*, numerous district courts have held that, “if apparatus and method claims for a patent
 13 are asserted at any point in the litigation, the marking statute is triggered, ***even if the apparatus***
 14 ***claims are later dropped.***” *CXT Sys., Inc. v. Acad., Ltd.*, No. 2:18-CV-00171-RWS-RSP, 2020
 15 WL 9936135, at *4 (E.D. Tex. Jan. 28, 2020) (collecting cases); *Mich. Motor Techs., LLC v.*
 16 *Bayerische Motoren Werke AG*, No. 22-CV-3804, 2023 WL 4683428, at *14 (N.D. Ill. July 21,
 17 2023).² This means that Utherverse cannot avoid its marking obligations by dropping its
 18 apparatus claims prior to summary judgment. It must prove compliance with the marking
 19 statute.

20 *Second*, any potential dispute of fact as to whether Utherverse Classic practices claims 8
 21 or 10 is irrelevant because Epic contends that Utherverse Classic practices claim 1, and
 22

23 ¹ Utherverse served its initial infringement contentions on November 2, 2021. Utherverse served
 24 amended infringement contentions over 18 months later on March 3, 2023, dropping apparatus
 claims 24 and 25.

25 ² The R&R notes that the *Michigan Motor* case is “not appellate precedent from the Federal
 26 Circuit, and therefore it is not binding authority for the Court; it is unclear whether the Federal
 27 Circuit would interpret the marking statute in that manner.” Dkt. 369 at 26. But this case and
 the other cases cited in *CTX Systems* persuasively interpret and apply the binding Federal Circuit
 decision in *Rembrandt*. The R&R does not suggest any reason that these cases were decided
 incorrectly.

1 Utherverse has offered no evidence that Utherverse Classic does not practice claim 1. *See*
2 Dkt. 334 at 24; *see also Lubby Holdings LLC v. Chung*, 11 F.4th 1355, 1359 (Fed. Cir. 2021)
3 (“the patentee bears the burden to prove the products identified do not practice the patented
4 invention”). Utherverse argues that claim 1 cannot trigger its marking obligations because it is
5 no longer asserted in this action. The Federal Circuit rejected this exact argument in *Rembrandt*.
6 853 F.3d at 1382. In that case, the patent owner alleged infringement of a patent claim, the
7 accused infringer then asserted that an unmarked product practiced that claim, and the patent
8 owner then withdrew that claim from its infringement allegations and even attempted to disclaim
9 it at the PTO. *Id.* The Federal Circuit held that relinquishing the claim did not shield the patent
10 owner from its marking obligations because that would “effectively provide[] an end-run around
11 the marking statute and is irreconcilable with the statute’s purpose.” *Id.* at 1383. Here, as in
12 *Rembrandt*, Utherverse originally asserted claim 1 of the ’071 Patent, Epic asserted that
13 Utherverse Classic practiced the asserted claims, and then Utherverse withdrew claim 1 from the
14 litigation. *See* Dkt. 301-13. Thus, as in *Rembrandt*, dropping claim 1 did not relieve Utherverse
15 of its marking obligation. The R&R does not substantively address *Rembrandt*, which is
16 controlling on this issue. If it rejects the R&R’s suggestions regarding non-infringement and
17 invalidity of the ’071 Patent, the Court should grant summary judgment to Epic on marking.

18 **IV. CONCLUSION**

19 The R&R recommends denial of summary judgment of non-infringement of the
20 ’605 Patent on the basis of purported disputed issues of fact, but the only disputes remaining are
21 claim constructions issues, which the Court must resolve as a matter of law. When the claims
22 are properly construed, there is no genuine dispute that the accused events do not infringe. The
23 R&R also recommends denial of summary judgment on marking because Utherverse no longer
24 asserts claims that would trigger its marking obligations, contradicting Federal Circuit law that
25 disallows this very type of gamesmanship. For these reasons, Epic respectfully requests that the
26 Court reject the Magistrate’s recommendation and grant summary judgment of non-infringement
27 of the asserted claims of the ’605 Patent and (if the court does not adopt the Magistrate’s

1 recommendation to grant summary judgment of non-infringement or invalidity on the
2 '071 Patent) summary judgment that Uthervers has failed to prove compliance with 35 U.S.C.
3 § 287.

4 Dated: January 12, 2024

I certify that this memorandum contains 3,055 words, in
5 compliance with the Local Civil Rules.

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CERTIFICATE OF SERVICE

I hereby certify that on January 12, 2024 the within document was filed with the Clerk of the Court using CM/ECF which will send notification of such filing to the attorneys of record in this case.

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